



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE LOUISIANA ECONOMY

The importance of small business to the state of Louisiana is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Louisiana had 90,539 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 149,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 4.4 percent to \$6.6 billion in 1997, while wage-and-salary income rose 6.2 percent. The state also exported \$4.4 billion of goods in 1997. (In 1992, 78.0 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 101,900 women-owned businesses in Louisiana, including part-time firms, employing 257,100 people and generating \$45.9 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 67.7 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 32.5 percent from 1987 to 1992, totaling 20,312 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 84.8 percent during the same time period with 4,983 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 2,808 in 1987, to 4,826 in 1992, representing a 71.9 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 8.0 percent, while new business incorporations decreased 3.3 percent. Financial difficulties leading to business bankruptcies increased by 8.5 percent and business failures increased by 10.3 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Louisiana decreased from 209 in 1994 to 167 in 1997. The study found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
COMMUNITY BK OF LAFOURCHE	Raceland
FIRST BANK NA	Crowley
AMERICAN BK	Welsh
GUARANTY BK OF MAMOU	Mamou
SOUTH LAFOURCHE B&TC	Larose
FIRST REPUBLIC BK	Rayville
COMMUNITY TR BK	Choudrant
AMERICAN SECURITY BK VILL PL	Ville Platte
CENTRAL PROGRESSIVE BK AMITE	Amite
PEOPLES ST BK	Many
GULF COAST BK	Abbeville
FARMERS-MERCHANTS B&TC	Breaux Bridge
HANCOCK BK OF LA	Baton Rouge
REGIONS BK OF LA	Baton Rouge

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 59.4 percent of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	42,926	31,296	25,200	16,487	79,339	195,249
Manufacturing	835	1,333	1,523	(1,511)	(7,752)	(5,573)
Retail Trade	8,548	6,794	7,464	(108)	(5,478)	17,221
Services	25,468	19,217	16,624	19,405	111,291	192,005
Other	8,075	3,951	(407)	(1,298)	(18,722)	(8,404)

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in Louisiana, followed by Eating & Drinking Places. The fastest growing

industry for small business is Electric & Electrical Equipment & Components Except Computer (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	1,452,334	100.0	56.0
Health Services	8000	203,891	14.0	44.4
Eating & Drinking Places	5800	109,422	7.5	65.9
Business Services	7300	81,533	5.6	61.9
Food Stores	5400	62,571	4.3	42.3
Special Trade Contractors	1700	50,764	3.5	88.7

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	812,842	100.0	56.0
Health Services	8000	90,515	14.0	44.4
Eating & Drinking Places	5800	72,066	7.5	65.9
Business Services	7300	50,457	5.6	61.9
Special Trade Contractors	1700	45,022	3.5	88.7
Wholesale Trade - Durable Goods	5000	39,402	3.4	79.1

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	812,842	20,349	2.5
Elec. Equip. & Components Except Compt.	3600	1,437	301	20.9
Transportation Equipment	3700	5,472	917	16.8
Transportation By Air	4500	1,146	139	12.1
Apparel	2300	3,135	319	10.2
Eng., Acct., Research, Mngt., & Related Serv.	8700	27,338	2,303	8.4

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.